



**CITY OF EVART**  
**Public Budget Hearing &**  
**REGULAR COUNCIL MEETING**

May 5, 2014

Meeting called to order at 7:00 p.m.

**7:00 p.m. – 7:30 p.m. Public Hearing on Proposed 2014/2015 Fiscal Budget**

Present: **Mayor** – Eric Schmidt; **Council** - Dan Elliott, BJ Foster, Casey Keysor, Gregg Sherman; **City Clerk** – Seraphim Bieri; **City Manager** – Zack Szakacs;  
Absent: **Treasurer** Sarah Bigelow

Guests: John Tanner – OHM, Carolyn Roberts, Heather Knowles, Ann Pattee, Beverly Stevens, Arlene Vincent, Buck Vallad – Director DPW, Patrick Muczynski, Jan Taylor, Melora Theunick – Director LDFA, Al Weinberg – Director DDA, Nicole Weiss – Cadillac News, Dan Joyce, *others unidentified*

**Citizenry Comments:**

<<**Jan Taylor**>> Expresses deep concern that in consideration of Evart being economically depressed, water/sewer rates are not properly/strategically being addressed; frustrated that there are too many City departments/jobs for citizens to finically support; concerned that Council decided to pay itself even on absentee days (**City Clerk** assures her that is not Evart’s current policy nor practice), offers ideas a) of closed circuit cameras to aide in safety issues/help cover PD cutbacks b) of City Income Tax to bolster General Fund c) of reductions in trash volume-allowances-curb-side to reduce individual household fees. **Mayor** cites several job consolidations of recent years past (City Manager Elkins transitioning Chief of Police Szakacs into City Mgr/Chief post; Jim Ward era’s end saw current DPW Director Vallad assume double responsibility with a \$90,000 savings). Taylor asserts that that was then, more is needed, suggesting possible consolidation with county or state services, or others of which she might not be aware. Discussion ensues as to **Mayor**’s lament that Sherriff’s response times are poor, while Taylor says she almost daily sees state or sheriff’s cars within city limits. Mayor adds that City Manager is already overloaded with merely part time staff holding down all other City Hall positions, and that Evart would lose outside funds if DDA were to be dissolved. **Foster** attempts to offer solace that Council has talked about “everything”. **Szakacs** illustrates City Tax issue, noting need for voter approval and his desire to see it there in November while also cautioning potential need for extra staff to manage it if passed. **Elliott** expounds on “Evart Products” employee roster down from 1100 to approximately 400 (plus loss of Deans Dairy), making value of City Income Tax perhaps less lucrative; he counters Taylor’s suggestion that the job of managing the new tax could be subcontracted, citing the “confidentiality” legal issues of taxation, concludes with belief Michigan has not seen a local Income Tax enacted in 25yrs with Big Rapids perhaps being the last. **Szakacs/Elliott** explain the current trash collection contract (allowing 6 bags week + recycle services @ \$13/home) is far superior to the closest other bid (\$3-bag @ \$9/home).

<<**John Joyce**>> Asserts that more cuts are needed since property owners are tapped-out and cannot afford to underwrite “33% raises”, “balancing requires too much cash” and

alternatively, feels cutting should now be mandatory albeit grossly uncomfortable. He concludes that the City has to endure pains of the economic-squeeze, no more can it be thrust directly upon residents, urging instead, additional “pencil sharpening” on Council’s behalf, imploring the wizened insight of City Hall to determine the “where/who” for cut-to-the-bone decisions, or, if economics are bad enough, cutting-into-bone, whatever it takes to shift the next cutbacks/financial burdens off of the shoulders of residents. Joyce distills his point by saying that residents need to see the “paycheck eliminated” i.e. City Budget dollar saved, for each future cutback in service and/or increase in fees, in order to help taxpayers understand and embrace the Council action that triggered said cutback. **City Manager** alludes to his desire to address possible contract buyouts to veteran DPW staff (senior staff costing far more than their replacement would in salary and benefits). **Mayor** points out that statistically Evert compares well nationally and among cities our size, adding that every year the Evert Council in recent history has been imposing budget cuts; Joyce understands but points out that obviously due to the figures being presented, it simply isn’t enough. **Elliott** asks Joyce what he’d like Evert to do as its bottom-line. “Keep the doors open.” Discussion ensues as to the pros and cons of cutting police, as one example, with others joining the conversation. DPW’s proficiency is commended extensively but both departments remain exposed to realities of not enough money. **Mayor** suggests that without PD, blight enforcement cannot succeed. Joyce emphasizing it is not about “wanting” to cut, it is pure economics: “Evert has a deficit. If we don’t have the money we need to operate (to repair, to prepare), we do not have the money!” He adds that it could be done by carving a set percentage off of all areas of the budget, but he thinks that skips the valuable insight of the City Manager and Council to offer the areas best preserved and those best to trim/eliminate.

<<**anonymous citizen**>> Suggesting residents be forced to purchase trashcans for curbside containment on Trash Day of “fly away” debris that otherwise ends up in neighbors’ yards. **DPW Director** points out that there is added expense (machinery wear and tear, as well as man-hours) when rules are not followed – yard debris on unscheduled days / yard debris not trimmed and stacked. This is his motivation for mandating paper bags for all grass clippings and leaves, adding that fines should be imposed for all non-conformists.

<<**Carol Roberts**>> Raises “Run Water” example of illogical elevated costs to her church, citing unoccupied parsonage which had a bill far in excess this winter of the church itself and their frustration that a call to City Hall was answered with a short curt “that’s the way it is” attitude. **Vallad** gently reminds the room the “Run Water” order was/is primarily as a service to the residents, not a money-maker for City Hall; most thaw-outs of homes cost around \$1800/incident, with businesses often incurring significantly higher charges from contractors. As to leaf pickup, Roberts imagines she would attempt to be industrious and bag and deliver her leaves to a drop-off point, but suspects the reality would soon become the likelihood of time/energy constraints forcing her into a leaf-burning routine which would no doubt frustrate her neighbors as it did prior to the DPW’s new, excellent service.

Public Hearing on the Budget concludes.

### **Citizenry Comments (Regular Council Meeting):**

(no remarks)

**Moved** by Keysor, seconded by Foster to approve the agenda  
**Passed** unanimously

Bieri notes that type-o of “EVIP” has already been corrected (page 2, section7).  
**Moved** by Foster, seconded by Keysor to approve the minutes of April 21, 2014 ...  
**Passed** unanimously

### **The LDFA - Director Melora Theunick reporting**

Easter Egg Airport Drop successful financially with all costs covered via donations and corporate support plus account started for 2015 (\$400). She has reduced her Directorship to part time hours: 3 days/week with event-centric scheduling. Regular LDFA meeting scheduled for next week.

### **The DDA – Director Al Weinberg reporting**

Speeds building demolition is complete; plan is to seed the soil and then entice a business venture to purchase the lot on U.S. 10. Within next few days, the adjoining Rainbow Video and Alltell Main Street buildings will also be demolished.

- Mayor takes opportunity to display 1800s wooden water line unearthed in demolition.
- DPW Director asks if Council had considered taking this opportunity to correct the narrow jaunt the “Speeds/Library alley” takes, widening it to a straight, consistent path. Elliott notes the original plat would have read “one rod” (i.e.  $16\frac{1}{2}$  16 feet), not narrower. Weinberg asserts it could help generate more “road revenue”. Szakacs urges Vallad to pursue the opportunity.

Unfinished Business:

- **2014-15 Budget**

City Manager entreats Council to first consider Agenda item addressing Water/Sewer rates. All agree.

- **Water/Sewer System Rate Analysis and Fee Structure Decisions**

OHM Analyst John Tanner makes an audio-visual presentation of their findings and associated recommendations (see attached) as presented to the Water & Sewer Committee. Highlights include:

- Evert now has 635 Sewer customers and 691 Water customers
- The largest water consumer (Ventra/“Evert Products”) is poised to reduce consumption by 97%
- This largest consumer has historically accounted for in excess of 70% of Evert’s annual Water Sales Revenue
- The largest Sewer customer (Dean’s Dairy) is in the final stages of closure – eliminating that revenue source to the City as well
- Goals set by OHM: (1) Identify Water / Sewer rates that can cover costs and maintain service levels (2) Rates should also cover capital improvements (3) Evaluate possible revenue “events” within the water/sewer service Evert provides (4) Recommend ordinance updates for future system health

Sewer Revenue from 2007-2013 has either barely broken even with expense or fallen shy (even before Dean’s exodus). Together Water/Sewer approximate a “break even” income without investment to the future. Within the coming five to 10 years, \$2-million in improvements would be required to avoid big problems down the road. It’s known that our lagoons are in need of sludge removal (\$200-\$500,000 expense), with infiltration issues needing addressing.

## Rate Considerations:

- WATER rate increase, changing to a monthly “Ready-to-Serve” fee based on meter size (vs. current \$5 flat fee) PLUS **\$2.30**/1,000 gallons (vs. current \$1.09/1,000 gallons) - projects a City “break-even” scenario, but without an accumulation of Capital Improvement Funds for future maintenance/emergencies.

**BOTTOMLINE: Typical monthly fee** for resident using 5,000 gallons (a distinction covering virtually every Evert residential customer) \$16.50 month versus the current \$10.45

- WATER rate increase, changing to those same graduated “Ready-to-Serve” fees, PLUS a **\$3.00**/1,000 gallons - projects the ability to begin a Capital Improvements savings account.

**BOTTOMLINE: Typical monthly fee for resident** using 5,000 gallons (a distinction covering virtually every Evert residential customer) \$20.00 month versus the current \$10.45

OHM did not conduct as thorough an analysis of the Sewer side, but concludes as follows:

- SEWER rate increase of graduated “Ready-to-Serve” fees (vs. current \$12 flat fee) PLUS a **\$6.67**/1,000 gallons fee (vs current \$4.67/1,000 gallons) - projects a City “break-even” scenario, but without an accumulation of Capital Improvement Funds for future maintenance/emergencies.

**BOTTOMLINE: Typical monthly fee for resident** using 5,000 gallons (a distinction covering virtually every Evert residential customer) \$47.35 month versus the current \$35.35

- SEWER rate increase of those same graduated “Ready-to-Serve” fees, PLUS a **\$9.29**/1,000 gallons fee - projects the ability to begin a Capital Improvements savings account.

**BOTTOMLINE: Typical monthly fee for resident** using 5,000 gallons (a distinction covering virtually every Evert residential customer) \$60.40 month versus the current \$35.35

The average Evert residence was said to purchase 2,500-3,000 gallons of water monthly. OHM’s Tanner acknowledged that some of his report’s figures for comparative communities were not completely up to date as well as including type-o’s, while asserting that Evert with the increases would still have “one of the lowest” Water rates while Sewer “would be at the higher end of the scale”.

Cities charted for comparison: Alma, Big Rapids, Clare, Midland, Mt. Pleasant, Reed City.

### Highlights of recommended revenue sources:

- Impose the “Ready to Serve” fee in multi-dwellings for EACH residential address, not just the complex itself (be it a duplex or a housing unit with dozens of residential apartments).
- Require Water Tap fees for new lines
- Consider implementing “Fire Protection Availability” charge
- Have commercial Sewer surcharge fees

1) Foster summarizes by saying they have looked at everything, deliberated in their decisions, do not want to raise rates but the City is stuck.

2) Mayor asks consultant if there is anything Evert has been doing wrong. “Failing to charge ‘Ready to Serve’ to individual apartments.”

3) Elliott wonders if OHM analyzed the real cost of Fire Flow to Ventra, understanding that 40% of Evert’s infrastructure was built to aide Evert Products (35,000 3,500gpm). “No.”

4) Foster asserts that Evert Products has been a good neighbor/employer subsidizing

our rates all these years, adding that if they hadn't paid a dime in water expense, we'd still love them for the jobs they provided.

5) Keysor emphasizes the Committee is recommending the lower rate hike, without the Capital Fund aspect. Adds that there are only 17 meters at one of the in-town complexes which boast 154 apartment units.

6) Elliott alludes to last meeting's Flood report – concerned that ~~7,000,000~~ 700,000 gallons/day passed through our Sewer Plant with high potential of triggering exorbitant DEQ fines or a letter to cease any expansion and that the lower rate-increase is likely inadequate. "Evert must plan for the future." Also takes issue with the phosphorus report and the fact that Dean's would have been a primary contributor of that waste product thereby driving Evert's sewer design just as Evert Products' needs drove Evert's water plant design, and that both should share some contemporary financial responsibility for the infrastructure the town is now forced to support irrespective of their business's recent decisions.

7) Vallad points out that the expense of upgrades is high; replacing waterlines for a single block amounts to approximately \$200,000.

8) Elliott points out that removal of water towers is more expensive than building them; Szakacs notes the annual maintenance cost is \$35-\$40,000/year.

**Moved** by Keysor, seconded by Foster, (*after rescinding initial motion which omitted Sewer*) to accept the recommendation of the Water & Sewer Committee for OHM's lower (\$2.30/1,000 gallons et al) water rate increase, coupled with the corresponding lower (\$6.67/1,000 gallons et al) sewer rate increase, effective start date – beginning of fiscal year (July 1, 2014).

#### **ROLL CALL VOTE**

Ayes: Keysor, Schmidt, Elliott, Foster

Nays: Sherman

Abstentions: (none)

**Passed** 4 - 1

#### • **City Owned Properties**

Szakacs presents five page breakout from City Treasurer replete with map marking parcels (dated May 1<sup>st</sup>). Advises that due to sewer lines, # 1 and #2 are ineligible for sale and #4 and #5 should be drawn slightly more to the east. Summarizes that some parcels were acquired by donation or low asking price; clarifies that any sale revenue in excess of the price Evert paid, will have to be turned over to the county and in exchange "Evert gains a new taxpayer".

1) Mayor asks if realtors will be providing appropriate asking prices? City Manager will consult with Evert-based Twin Creek and Britz Realty but City cannot afford formal appraisals. He explains that the method of sale could be by bid or listed price (revisits the previous experience of minimum bids going unmet - \$4,000 minimum rescinded and \$3,000 sale transacted and urges Council to forego a minimum bid approach).

2) Sherman inquires if there is any fairground land; Szakacs replies "no" adding that there is a 99 year no-money lease to the Fair Board, which, should they go defunct, would revert the land to the City.

3) Szakacs entreats Council to determine which method of sale they want him to employ.

4) Foster declares his desire to create a "build on this site timeline mandate" to accompany any/all sales, be it breaking ground within 18 months or 2 years, not merely holding it for real estate speculation.

5) Sherman's priority is the fair and equal access of buyers to the City properties.

6) Elliott advises Council not to sell parcel #750563 kitty-corner from City Hall, noting the history of it once being considered valuable for access to Riverside Park, having potential “public value” into the future (Library, etc.) and its current “residential designation” making it less desirable to a commercial developer. Szakacs alluded to last year’s DDA interest in putting in a movie theater on that cite.

7) Szakacs addresses resident Terry Godwin’s interest in purchasing part of the Landfill (to “square up” his own property lines), with Council encouraging the City Manager to pursue appropriate research. **Moved** by Keysor, seconded by Sherman directing City Manager to liquidate properties #3,4,5,8,9,10,11,12 + Landfill by whichever method he sees fit with final Council review. **Passed** unanimously

New Business:

- **Cemetery Commission / Rate Schedule Recommendations – Chairman Beverly Stevens**

City Manager distributed the 4/24/14 Commission minutes and comparative rate charts, with Commission’s call for: (a) 10% May 1<sup>st</sup> rate increase (b) no new property acquisitions, and (c) opposition to replacement of current Sextant (DPW) to outside source. Szakacs’s recommendation is instead for a heftier \$50 across-the-board increase, as the minimum consideration.

1. Extended conversation about other communities’ higher initial rates and yet their decisions to implement fee increases; laments that much of Forrest Hill was purchased by families at “pennies” while maintenance demands big dollars; Council frustration that residents (taxpayers) are forced to subsidize cemetery costs even when out-of-towners are seeking Evert burial purely on a “budget shopping” venture. Szakacs notes there is only \$800 in interest available this year for Cemetery maintenance expense.
2. Elliott worked with Szakacs and produced an inaugural spread sheet for evaluating conversion of Cemetery to an independent Enterprise Fund account. Is concerned some of the Commission’s information is misleading, e.g.: expansion to the west is not fully possible due to the water table at 3 ½ feet (already fill was needed to expand); concern that expanding N/NE of maintenance building is possible but the east side of it is “pauper section” from 1800s and current records offer no clue as to how large/expansive that section is. As to the expenses, he feels they are grossly underrepresented - \$5,000 doesn’t begin to cover mowers or man hours, suspects \$15,000 is more realistic.
3. Sherman asks if in Elliott’s experience, Sextant duties typically fall upon the city or from outside contractor/service. “Finds that neither cities nor churches often turn a profit, those that do tend to be cemeteries owned by funeral home enterprises which can hide the associated expenses in other fees.”
4. Elliott’s conclusion is that there is no money via the fee schedules to address inflation rates, perpetual care, or replacement (reminds Council several years ago when accounts were flush, the General Fund extended \$60,000 to the cemetery).

**Moved** by Keysor, seconded by Foster to accept Fiscal Budget as presented (see attached 40 page Proposed Budget packet) **Passed** unanimously

5. <<**Ann Pattee**>> Points out that with the last rate increase lot sales ceased and are only now rejuvenating. Several Council respond “good” – then we aren’t losing money. Pattee also sees no cause to worry about land acquisition since none present will be alive to see space shortages arise.
6. <<**Beverly Stevens**>> Questions several of Elliott’s figures. Notes that she was among those who, prior to the Perpetual Care option, cleared graves, and that even with this service, a vast majority of Forrest Hill’s dead were buried long before implementation of “Perpetual Care” and it would be aesthetically and morally wrong for Evert not to groom those graves simply because they are not providing a current revenue stream.

7. <<unidentified audience member>> Questions if privatization of cemetery might be the answer. City Manager agrees it is an option, but notes that in recent past the City had to fire the Sextant for drunkenness and burial of remains in the wrong locales.
8. Mayor called for City Manager to return to Council with reviews of evening's discourse and make renewed fee structure / policy / Enterprise Fund recommendations.

- **Curbside Brush Service**

DPW Director Vallad drafted a recommended letter to residents to impose new rules/restrictions including an end to un-bagged leaf pick-up and corresponding fines for violations. City Manager is in support. Vallad detailed the dollars involved with special trips and equipment wear-and-tear. Cites the \$600 the average taxpayer pays annually as not even covering the DPW's "winter salt" expense.

1. Mayor suggests the Police focus on fine notifications when lawn debris is set out at the wrong times/dates.
2. Vallad responds to Sherman, noting that indeed after a storm, immediate (vs. scheduled) clean up makes sense, and that as trees topple in the City owned right-of-way zones, home owners are offered a replacement tree on their property to maintain (vs. the City).
3. Mayor asks if DPW/Council opposed to taking Dairy Doo owner Brad Morgan up on his proposal to do leaf removal in Evert. Extended discussion as to format that service could/would take and that if pursued, rules require putting it out to bid instead of a "sweetheart deal". Mayor quotes figures of DPW leaf expense \$25,000 versus Morgan's \$12,000. Foster wonders who on Council will approach Dairy Doo, City Manager insists bid process must rule; Sherman emphasizes that then within the bidding process, Evert needs to set specific terms of performance/expectation.
4. Vallad reminds all that the collected wood and leaves under the current system "belong to the City, i.e. residents" and that often residents rely upon the City dump for firewood and mulch.
5. Sherman and Foster are concerned that with impending increased expenses associated with Water, Sewer, county charges, Cemetery fees ... the timing is wrong to impose additional ones on such a popular service.
6. <<John Joyce>> In agreement, saying it would be hard for taxpayers to see the reason behind the move – it isn't as though ending current service would mean the elimination (payroll savings) of jobs. And – he suggests a "code enforcement person" might need to be added to achieve citywide compliance.
7. Sherman emphasizes that simple, reinforced communication of existing rules and expectations would go a long way toward eliminating DPW's added expenses of "return visits", etcetera.
8. Szakacs disagrees with Joyce's point, arguing that if folks want a clean yard they will find a way to do it.
9. City Clerk expresses reservations that Evert's aging populace may well be able to rake and gather clippings and leaves, but that a mandate to "bag" could suddenly place an undo physical burden as well as a financial one (purchase of specialty bags) on residents. And what happens if debris goes un-raked altogether in the face of fines for having failed to bag for DPW pick-up?
10. City Manager wants backing from Council to "stand the line of enforcement"; Foster questions if that support has ever been lacking in any arena. Sherman stands firmly on point that "they" i.e. residents are the ones paying the taxes and as such, shouldn't be viewed by City Hall as "pains" or "the problem". Szakacs emphasizes that most other communities charge for the service if it is offered at all. Mayor calls for DPW to be able to use the saved time/money to refocus its duties. Joyce points out that that is not a case of tightening the budget or saving dollars in exchange for a service elimination.
11. Vallad cautions that at some point once you've cut too many people, no longer is there any need to worry about how to bring business to town.

<<**Carol Roberts**>> Urges communication to rally citizens to support the DPW's existing schedule and guidelines, suggesting further that perhaps residents for a set fee per bag, could bag their debris on the "off times" – generating revenue, while leaving the curbside un-bagged option in place. Additionally she lauds layers of praise on Vallad's DPW team for the condition of Evert's winter streets, Cemetery orderliness, and other DPW tasks – making Evert in her and her friends' estimation, a real standout and point of pride in our region.

12. Mayor inquires about DPW seasonal employees. All three eliminated from this year's budget (cost to City according to Szakacs was approximately \$3,500/ea).

13. Was determined that Vallad needs to take the curbside collection issue to the Streets Committee for further review.

14. <<**John Joyce**>> Reflecting some of the earlier concern that "service" rendered in the Cemetery, using citizen tax dollars, covers expenses of non-residents ... Joyce points out that at least with curbside leaf/grass service, it is exclusively enjoyed by City residents.

15. << **Carol Roberts**>> Concluding thought about cemetery expansion, cites the baby boomer offspring of Evert residents who have moved away and cannot afford to have their remains shipped home to Evert unless via the more affordable ashes/urn, therein taking up minimal space for burial and in turn, eliminating any pressing need to acquire additional land.

- **Resolution to Permanently Vacate Part of Oak Street**

City Manager submitted report (dated 4/30/14) detailing property owner Daniel and Beth Scoles', of 601 South Oak Street, desire to eliminate City claim to a portion of their vacation cottage (beneath their septic and the home's west end). The Public Hearing on the matter has been scheduled for Monday, May 19. Elliott however suggests that vacating may not be prudent, citing that previous study shows it is the primary location should a river crossing or a lift station or sanitary station ever need to be put into place. He recommends that instead a \$1 lease deal be put into place with Evert, not unlike the "Big Barn" deal which allowed those owners to satisfy their mortgage company's concerns. Szakacs will have City Attorney Jim White take that into consideration.

- **Treasurer's Report**

Submission of Manual Check Report through March 5, 2014 and Revenue/Expenditures Report for July 1, 2013 through May 31, 2014; and Vendor List.

**Moved** by Keysor, seconded by Schmidt to accept Vendor List as submitted

**Passed** unanimously

- **City Manager – Zack Szakacs reporting**

Labor Relations Committee meeting will be scheduled, the laid-off officer's final day will be May 19, 2014. Point out that the Michigan Senate wants to strip EVIP requirements (which would eliminate a great deal of the "busy work" he and the Treasurer are required to fill out), although the online "Dashboard" would remain) all as part of their Budget proposal. The Lansing vote on Personal Taxes might help Evert (Police, EMS, Fire, etc.). High praise for Patrick Muczynski's work with DEQ and water testing lab operations, noting that pre-Patrick our system was costing us \$10,000/day and was completely out of control. Had a DIG Grant meeting, creates a labor-intensive stream of work for City Hall including generating Fair Housing ordinances. No word yet from FAA as to our hope that unspent dollars may be allocated to the SRE project. April 23 Fire Board minutes distributed, not discussed.

Evening concluded with a directed revisiting of the historic wooden water line unearthed as part of the Speeds building demolition.

**Moved** by Sherman, seconded by Elliott ...

... Adjournment at 9:10 p.m. **Passed** unanimously